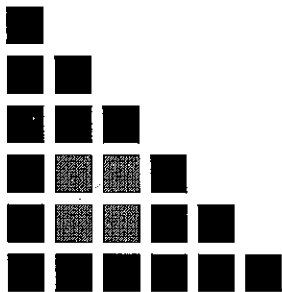


Orness Plaza

Mankato, MN

A Comprehensive Market Study of Housing Needs
of Low Income Households in the
Mankato, North Mankato and Eagle Lake Area

July 2008



Community Partners Research, Inc.
10865 32nd Street North
Lake Elmo, MN 55042

Orness Plaza, Mankato, MN

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Executive Summary

Description of Site and Adjacent Parcels

Orness Plaza is an existing public housing highrise project that was constructed in 1970-1972. The building is located at 900 Hope Street in Mankato. Orness Plaza is in a fully developed portion of the City. The project is located in a residential area that includes single family homes and multifamily developments, including a new assisted living project located immediately north of Orness Plaza.

Orness Plaza is also adjacent to a commercial/retail area that provides many retail, recreation, entertainment, restaurant, health care and service opportunities.

Proposed Project Summary

The proposed project is the rehabilitation of Orness Plaza located in Mankato, MN. Orness Plaza is a 101-unit public housing development, owned and managed by the Mankato Economic Development Authority. The 101 units include 98 one-bedroom units and three two-bedroom units. All of the units have one bathroom.

Orness Plaza is currently at 99% occupancy. Since it has HUD public housing subsidies available, tenants pay 30% of their income for rent. The average monthly contract rent after rehabilitation is estimated to be \$263 for both the one and two-bedroom units. The tenants will pay no utilities.

After rehabilitation, 97 of the units will be tax credit-assisted and will serve households at or below 60% of the area median income. The remaining units will continue to operate under public housing regulations, and may serve households up to 80% of the median income level. Based on the income distribution of current tenants, no existing households should be displaced because of the new income restrictions that will apply as a result of the housing tax credits.

Orness Plaza, upon completion of the rehabilitation, will include the following unit types, square footage and rents:

Orness Plaza Description							
Unit Type	Number of Units	Unit Size	Contract Rent	Tenant-paid Utilities	Gross Rent	Income Limit % of AMI	Funding Type
1 BR	98	450	\$263	\$0	\$263	60%	PBA
2 BR	3	200	\$263	\$0	\$263	60%	PBA

Project Based Assistance (PBA)

Key Conclusions of Market Study

It is the opinion of Community Partners Research, Inc., that the subject property, Orness Plaza, will continue to be successful in the Mankato rental market. This opinion is formed on the findings of this Housing Market Study, summarized as follows:

- ▶ This is an existing, federally subsidized rental housing project that has successfully operated since the early 1970s. The proposed project involves renovation of the existing apartment units, which will make the project more marketable to prospective tenants.
- ▶ The availability of vacant housing in the Mankato, North Mankato and Eagle Lake area at the time of this Study is very limited. A vacancy rate under 2% was found in the market rate, tax credit and subsidized rental sectors. In subsidized units specifically oriented to senior/disabled occupancy, the vacancy rate is only 0.5%. Past rental surveys completed in the Mankato area have also found low vacancy rates. Despite significant new production of rental housing in recent years, overall household growth for the area has kept pace, and the vacancy rate has stayed low.
- ▶ The most comparable properties to Orness Plaza have also been very successful in the marketplace. Four subsidized highrise rental projects exist in Mankato/North Mankato, including Orness Plaza. Combined, these projects have 367 income-based units, that are either designated for, or provide an occupancy preference for senior and/or disabled tenants. The rental survey completed for this Study found only two vacant units in these four projects, for a vacancy rate of 0.5%. Waiting lists also existed for senior/disabled subsidized housing.
- ▶ The proposed project is strongly supported by the traditional demographic and market analysis that is contained in the Analysis/Conclusions section of the Study. Given the size of the Market Area, and the strong household growth that has been occurring in the Mankato area, this project will need to capture a small share of the local demand for affordable housing.
- ▶ This project will utilize available public housing resources to serve even very low income renters. With the near-elimination of deep subsidy production sources in recent decades, the creation of any new units that can charge rent based on 30% of income is extremely rare. Preservation of existing deep subsidy units is an important strategy in addressing the housing needs of lower income renters. The proposed project will help to preserve 101 deep subsidy units.

Market Feasibility and Long-Term Performance

As detailed above, this Study has concluded that there is adequate demand to fill the proposed units in the subject property, Orness Plaza

Long-term performance has been reviewed as a projection period to the years 2013 for some data and 2015 for other data. For the purposes of the future demand calculations in this Study, we have used a forecast that the Market Area will add 787 new households in an average year. This

projection is largely based on past trends, as the Market Area has added an average of 795 new households per year since 2000, according to State Demographer estimates.

For income forecasts, there is no available evidence to suggest that area incomes will improve dramatically in the foreseeable future, causing a significant reduction in income-eligible households. Instead, we have used a projection that the annual median income for the area will increase at a rate of approximately 2.1% per year. As a result, the number of income-eligible households is projected to grow over the projection period, due to both overall household growth and the historical rates of increase for tax credit program income limits, which have been increasing faster than actual income in the recent past.

The Minnesota Housing Finance Agency commissioned a study of future demand for subsidized housing in each of the Counties in the State. This report, completed by BBC Research & Consulting, examined the number of renter households with a cost burden at the time of the 2000 Census, and also made projections to the year 2010. The BBC report projected that Blue Earth County would have 617 new low income households by the year 2010 that would not be served by private market housing. For the entire three-County Market Area, BBC projected that 937 new low income households would be present in 2010 that would not be served by private market housing. Growth in the number of low income renter households is consistent with the research completed for this Study.

Multiple sources, and independent research, show growing demand for the very affordable housing being preserved in the Orness Plaza project.

Recommendations and/or Modification to the Proposed Project

We are not aware of any physical modifications that would be appropriate for the proposed project. The project involves rehabilitation of an existing structure, which limits the types of design modifications that can be made, without the potential reduction in units.

Market Strengths and Weaknesses Impacting Project

The market related strengths and weaknesses of the proposed project have been identified in the multiple sections that follow later in this document. Three significant market strengths are summarized in this portion of the Executive Summary.

The first significant market strength is that this project, Orness Plaza, has a high rate of occupancy prior to the start of the project. Since this project involves a phased approach to rehabilitation of the existing units, it is planned that almost no existing tenants will be lost through the process. As a result, upon completion, this project should retain a high rate of occupancy from current tenants, and very few new tenants will need to be found.

The second significant market strength is the substantial growth potential for the Market Area. This Study has used a projection that 787 new households will be added in an average year. Since 2000, the Market Area has averaged 795 new households per year. Growth at or near this scale will continue to generate ongoing demand for additional rental housing opportunities. As identified earlier, this overall household growth will result in growing demand from low income renter households, the target market for the subject property.

The third significant market strength is the status of the local rental market in the aggregated area of Mankato, North Mankato and Eagle Lake. The rental survey completed for this Study found a low rate of unit vacancy in all types of rental housing. The calculated vacancy rates were below 2% in market rate, tax credit and subsidized rental properties. Past rental surveys, completed by Community Partners Research and others, have also found below-average rates of rental housing vacancy in the Mankato area. The low vacancy rate has existed despite a significant infusion of new rental units into the area. Since 2000, building permit activity indicates that more than 1,000 multifamily rental units have been constructed in the area. With strong household growth, these units have been absorbed, and the low rate of vacancy has remained.

There are two primary market weaknesses, or potential weaknesses that can be summarized. The first relates to the regulatory requirements imposed by the tax credit assistance that will be used to rehabilitate 97 units in the project. With the income limits set for occupancy, some of the prospective tenants for the units will be rejected because their household income is too high. The income limit will be based on 60% of median family income, compared to 80% of median family income under the public housing regulations. However, no current tenants should be displaced.

The second potential weakness is that these units will still be relatively small, with limited square footage. Since this project was constructed in the early 1970s, it reflects a different approach to unit size and configuration than would be used for new construction in 2008. Despite the limited size of the individual apartments, the project has maintained a high rate of occupancy, and following rehabilitation, the units will be even more marketable.

Lease-up Projection with Issues Impacting Performance

As planned, this project will involve a phased approach to unit rehabilitation. A portion of the existing tenants will be temporarily relocated while their units are being refurbished, and will move back in at the completion of the phase. It is anticipated that very few vacant units will actually need to be filled by attracting new tenants. As a result, this project should be at or near full occupancy on the date that rehabilitation is complete.

If existing tenants elect to move from the project, rather than be temporarily relocated, then some new tenants will need to be found. There may be some diminished interest from new tenants while construction activity is underway, due to the temporary inconveniences that may result. There are no additional identified issues impacting lease-up performance.

Project Description

Project Structure

The proposed project is the rehabilitation of Orness Plaza located in Mankato, MN. Orness Plaza is a 101-unit public housing development owned and managed by the Mankato Economic Development Authority. The 101 units include 98 one-bedroom units and three two-bedroom units. All of the units have one bathroom.

Orness Plaza is currently at or above 99% occupancy. Tenants pay 30% of their income for rent. The average monthly contract rent after rehabilitation is estimated to be \$263 for both the one- and two-bedroom units. The tenants will pay no utilities.

After rehabilitation, 97 of the units will be tax credit-assisted and will serve households at or below 60% of the area median income. The remaining units will continue to operate under public housing regulations, and may serve households up to 80% of the median income level. With some units available to serve households between 60% and 80% of median income, no displacement of current tenants is anticipated.

Orness Plaza, upon completion of the rehabilitation, will include the following unit types, square footage and rents as follows:

Orness Plaza Description							
Unit Type	Number of Units	Unit Size	Contract Rent	Tenant-paid Utilities	Gross Rent	Income Limit % of AMI	Funding Type
1 BR	98	450	\$263	\$0	\$263	60%	PBA
2 BR	3	200	\$263	\$0	\$263	60%	PBA

Project Based Assistance (PBA)

Project Description

Orness Plaza is a seven story, reinforced frame, multifamily building. It has a seven story central atrium core with a steel frame. The atrium is naturally illuminated by skylights. The building was constructed between 1970 and 1972.

The ground level features common space including a community room, kitchen, game room, library, project office, common area restrooms and maintenance areas. The building is fully sprinkled and also features dry sprinkling in the stairwells. The building contains two elevators. The Project has a parking lot that includes 55 parking spaces.

The Mankato EDA has determined that Orness Plaza is functionally obsolete and seriously deteriorated. The building contains no insulation, has original windows and original interior finishes. The concrete wall panels are allowing water infiltration and they are beginning to structurally fail due to water damage to internal steel re-rod and freeze thaw cycles.

At the time of the rental survey completed for this Study, Orness Plaza was at 99% occupancy and had a short waiting list. Subsequent occupancy reports have placed the level at 100%. The project had originally been constructed for senior and disabled tenant occupancy, but a later HUD rule change made it available for general occupancy. Orness Plaza does provide an occupancy preference for tenants that are age 55 and older or tenants that are disabled.

According to the manager, a large majority of current tenants meet the preference tests. In the future, the target populations will be expanded to also include long-term homeless people.

The rehabilitation of Orness Plaza will be fully consistent with Minnesota Green Criteria. The Center for Energy and Environment (CEE) has completed an initial inspection and has provided an initial facility assessment to the owner. CEE was instructed to complete the assessment in conjunction with Minnesota Green Communities criteria and to evaluate the feasibility of utilizing geothermal heating and cooling and solar systems. The assessment does support the use of geothermal and solar pre-heating which are included within the scope of work.

The proposed start of construction is summer/fall 2009 with completion in spring/summer of 2010.

Additional Requirements for Rehabilitation

Tenant Profile

Orness Plaza is currently a public housing project and will continue as a public housing project upon completion of the rehabilitation.

At the time of our rental survey for this Study, there was one vacant unit in Orness Plaza.

Tenants pay 30% of their income for rent. A brief profile of current occupants is as follows:

- ▶ 61% of the tenants are age 62 or over with an average age of 74
- ▶ 39% of the tenants are non-elderly with an average age of 49
- ▶ 74% of the tenants are female and 26% are males
- ▶ 59% of the tenants are disabled
- ▶ 95% of the tenants are non-minority, 3% are Asian and 2% are Hispanic/Latino
- ▶ 39% of the tenants have lived at Orness Plaza for more than five years
- ▶ The range of the tenants' incomes are as follows:
 - ▶ \$0 - \$5,000 - 6 tenants
 - ▶ \$5,000 - \$10,000 - 29 tenants
 - ▶ \$10,000 - \$15,000 - 36 tenants
 - ▶ \$15,000 - \$20,000 - 17 tenants
 - ▶ \$20,000 - \$25,000 - 8 tenants
 - ▶ More than \$25,000 - 5 tenants
- ▶ 59% of the tenants are considered extremely low income, 29% are very low income and 11% are low income

Rent Analysis

Orness Plaza is a public housing project and tenants will pay 30% of their income for rent. The project will continue as a public housing project upon completion of the rehabilitation.

The average rent is projected to be \$263 for one and two-bedroom units, which is well below market rents for one- and two-bedroom units in the Mankato Area.

Rehabilitation Methodology

The rehabilitation will be conducted in four phases. The rehabilitation will include extensive renovation of the units, common space, building exterior and mechanical systems. Please refer to rehabilitation information submitted by the Southwest Minnesota Housing Partnership.

The rehabilitation will have a very positive impact on the building and the tenants as the building and units will be totally renovated. Rents will not increase as a result of the rehabilitation as tenants pay 30% of their income for rent.

Tenant Relocation

Approximately 25% of the tenants will be temporarily displaced prior to the first phase of rehabilitation. Tenant relocation vouchers will be utilized to relocate the tenants. These tenants will utilize a voucher to move to a unit of their choice. Also, other subsidized projects will be utilized based on existing vacancies. As the first phase is completed, 25% of the Orness Plaza tenants will move into the new units and the vacated units will be rehabilitated. This process will continue until all the units are rehabilitated.

Income Qualification

Currently, tenants must be at or below 80% of median income to qualify for an Orness Plaza unit. Upon completion of the rehabilitation, tenants in 97 of the units must be at or below 60% of median income. According to Mankato EDA Staff only three tenants are above the 60% of median income. These three tenants may remain in occupancy after rehabilitation, as three units can be used to serve these households that are between 60% and 80% of the median income level. Therefore, it is projected that no tenants will be forced to relocate from Orness Plaza due to the regulatory restrictions of the tax credit program.

Orness Plaza Occupancy/Vacancy History

Over the past three years Orness Plaza occupancy has been above 95%. According to the Mankato EDA, the annual occupancy rate has been as follows:

- ▶ 2005 - 96.4%
- ▶ 2006 - 97.4%
- ▶ 2007 - 95.7%

Rent Roll

An Orness Plaza rent roll is included in the Other Requirements Section.

Length of Subsidies

Orness Plaza will receive subsidies to operate as a Public Housing project on an ongoing basis.

Architectural Plans

Preliminary architectural plans have been completed, however, final plans have not been completed as of the date of the market analysis. The project architect is Jim Moy of Blumentals Architects. Since final plans have not been completed, they are not included in this market analysis.

Market Analyst Review of Plans

Final plans are not completed, thus, the analyst has not reviewed the final plans. However, the analyst has toured the building and concurs with the proposed improvements. The rehabilitation will enhance the project's marketability, although, Orness Plaza currently operates at a high occupancy rate.

Location and Market Area Definition

Definition of Market Area

The Primary Market Area for Orness Plaza includes all of the cities and townships in Blue Earth, Le Sueur and Nicollet Counties.

The Primary Market Area was selected based on information provided by Mankato EDA staff, Southwest Minnesota Housing Partnership staff, and others familiar with the area. Based on information provided by these Community leaders and stakeholders, Mankato serves as the regional center for the Market Area and provides health, employment, retail/commercial, recreational and other miscellaneous services for surrounding Counties.

While a three-County Primary Market Area has been examined, for some research items, special attention has been focused on a three-City aggregation that includes Mankato, North Mankato and Eagle Lake, and is referred to in this Study as the “Urban Area” within the larger Market Area.

A Secondary Market Area was not defined as it is not applicable.

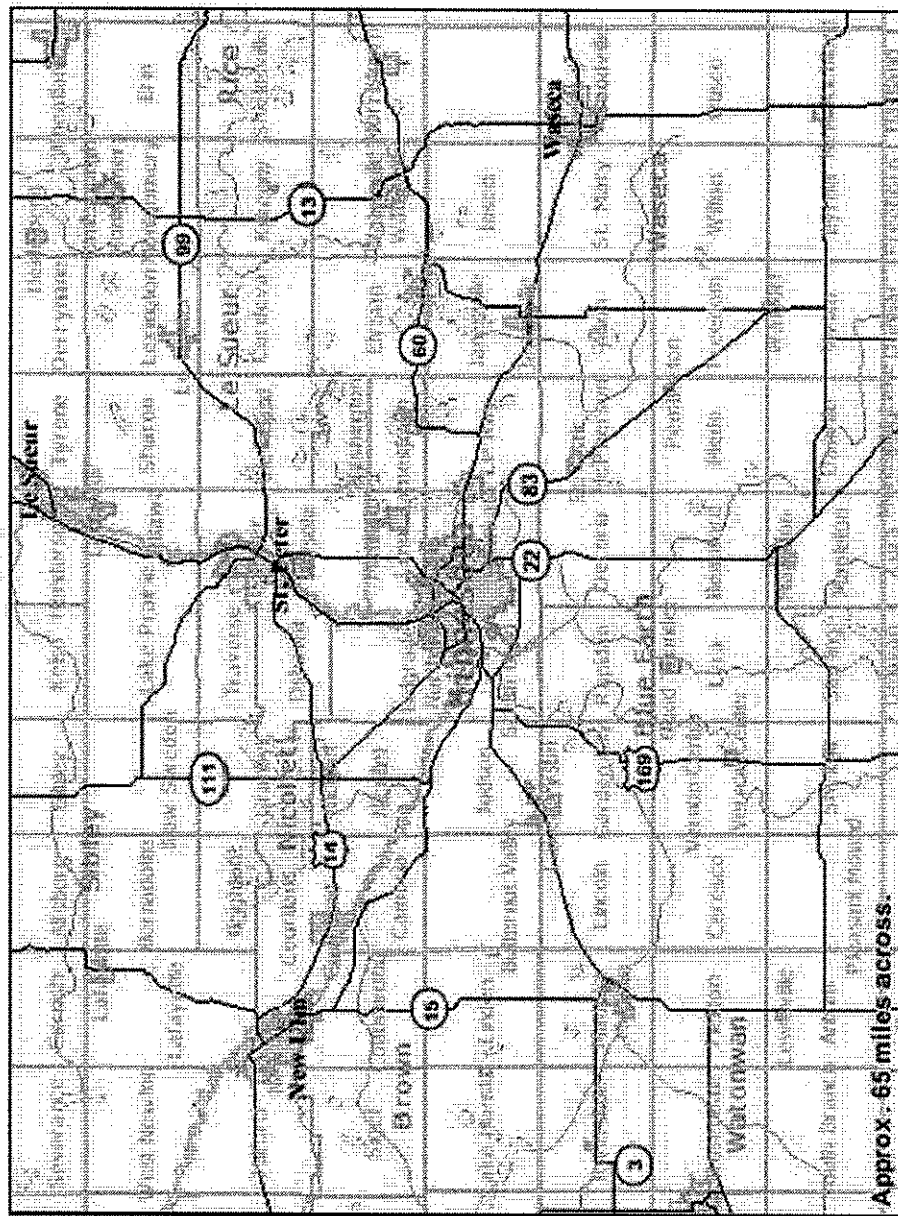
Site Characteristics

Orness Plaza has been located at its current location since the early 1970s. The project is in a residential area that includes single family homes and multifamily developments including a new assisted living project located immediately north of Orness Plaza.

Orness Plaza is also adjacent to a commercial/retail area that provides many retail, recreation, entertainment, restaurant, health care and service opportunities.

The only potential adverse condition of the site is its distance from Mankato’s core Downtown Business District. However, the project is located adjacent to Mankato’s newest commercial area and has operated successfully at its present location for nearly 38 years.

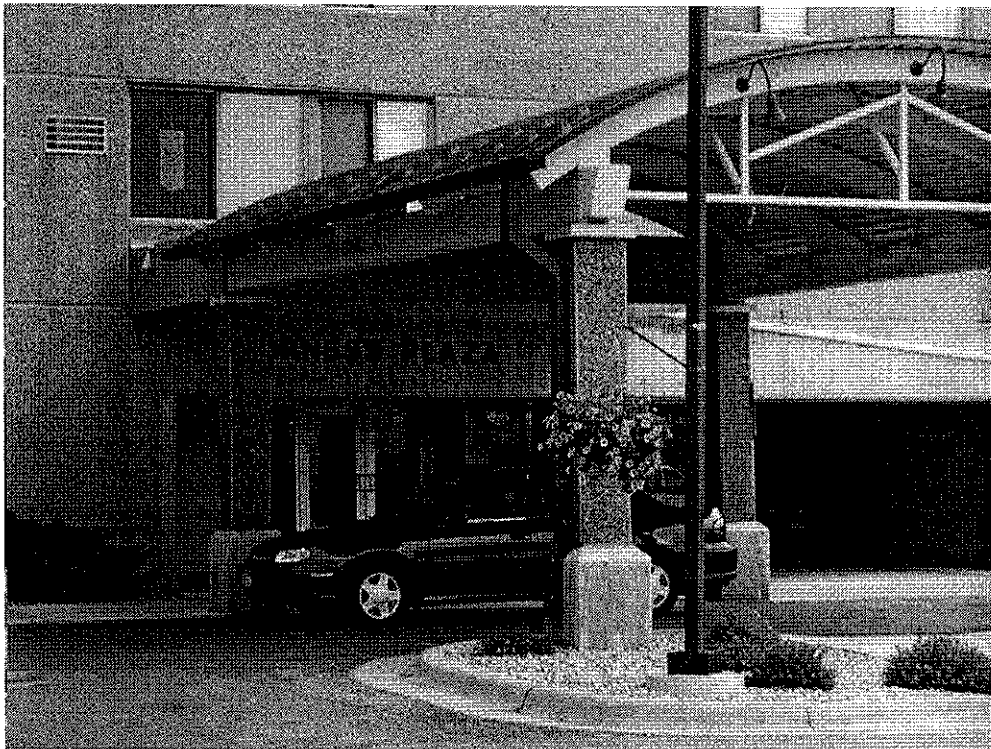
Market Area Map



Orness Plaza Location



Site Photos - Orness Plaza



Marketability

Orness Plaza includes the following features which contribute to its marketability:

- ▶ Upon completion, totally remodeled and renovated units, common space and mechanical systems
- ▶ Tenant social interaction including events and activities
- ▶ Accessibility including two elevators
- ▶ Common space including a community room, kitchen, game room, library and common area restrooms
- ▶ Substantial landscaping
- ▶ Adequate parking for tenants and guests
- ▶ Very affordable units as the units are public housing units and tenants pay 30% of their income

An additional amenity which enhances the project's marketability is its proximity to Mankato's shopping, services, health care employment, transportation, etc. The site is located within walking distance to many services and amenities offered by a major regional center. Please refer to the map at the end of this section.

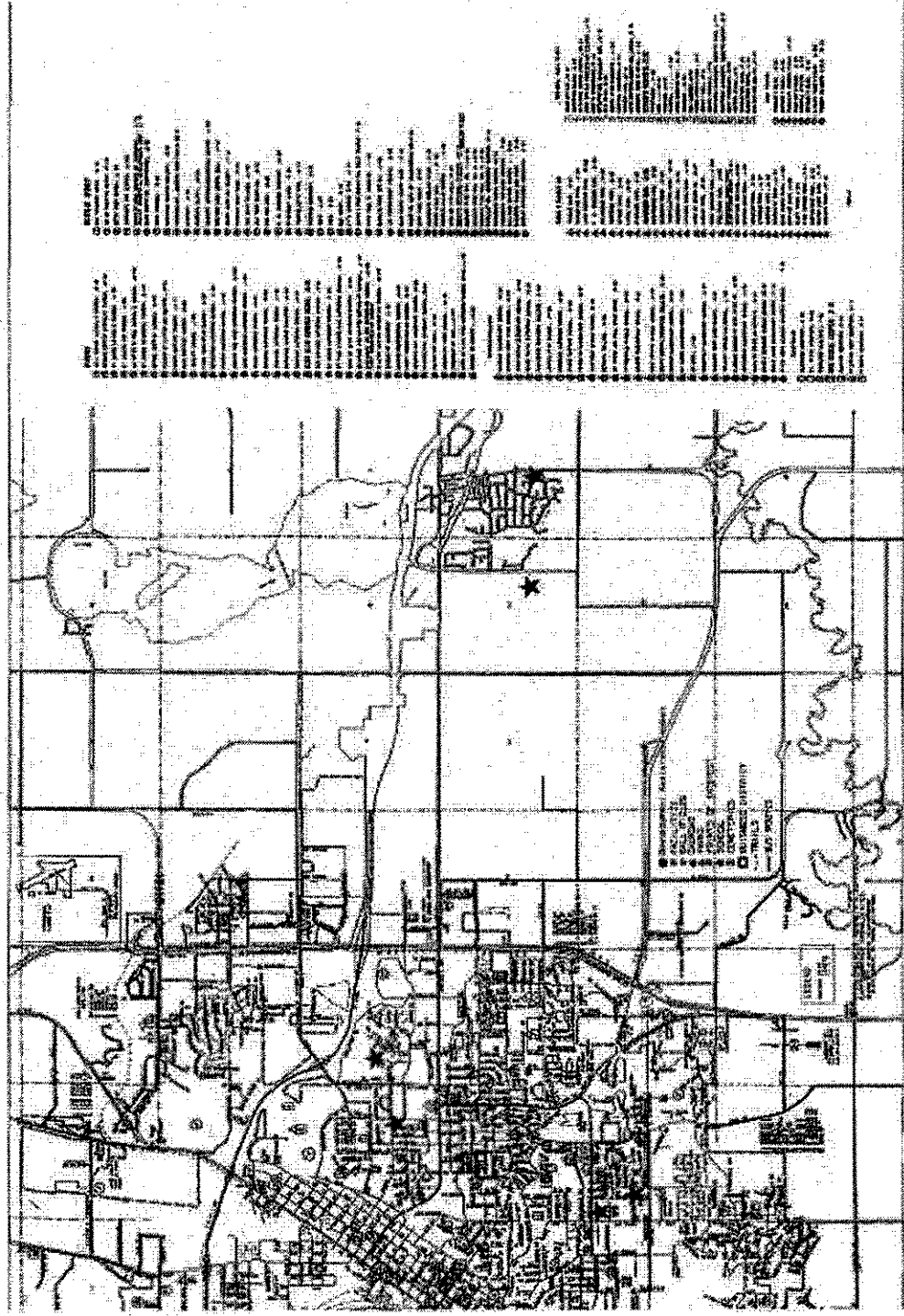
Site Visibility/Accessibility

The site is located on a street with good sight lines and limited traffic. The site is located approximately three blocks from a major artery street, which provides four-lane access to Mankato's services and amenities. The site has adequate ingress and egress and the analyst has not identified any traffic problems, hazards or unreasonable site lines.

The site's self-advertising quality will be limited as the project is not highly visible from major artery streets. However, the building is a highrise, with seven floors, and is a prominent building in the neighborhood.

Please refer to the map of City services on the following page.

Community Facilities Map



Population and Households

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. The primary sources for this information are the Minnesota State Demographer's Office, the U.S. Census Bureau, and Claritas, Inc., a private data reporting service.

Market Area Definition

For analysis of market conditions in and around the City of Mankato, we have used a three-County Primary Market Area, that includes all of Blue Earth County, Le Sueur County and Nicollet County.

For some demographic items, we have also provided information for the urbanized aggregation that includes the Cities of Mankato, North Mankato and Eagle Lake. Mankato and North Mankato share a common border, and effectively represent a single community from the perspective of renter households looking for a unit. Eagle Lake is four miles east of Mankato, and acts as a bedroom community to the City. In the tables that follow, this three-City aggregation is referred to as the Urban Area.

Population Trends Analysis

Table 1 Population Trends - 1980-2006						
	1980 Population	1990 Population	% Change 1980-1990	2000 Population	% Change 1990-2000	2006 Estimate
Mankato	28,642	31,468	9.9%	32,427	3.0%	35,493
Urban Area	39,266	43,344	10.4%	46,012	6.2%	50,380
Market Area	102,677	105,359	2.6%	111,138	5.5%	118,807

Source: U.S. Census Bureau; Minnesota State Demographer; Community Partners Research, Inc.

Both the Minnesota State Demographer and the U.S. Census Bureau release annual population estimates. The most recent State Demographer estimates are for the year 2006. The Census Bureau has released 2007 estimates at the County level, but its most recent estimates at the City level are for the year 2006.

The State Demographer estimates that the City of Mankato's population on April 1, 2006, was 35,493 people. The Census Bureau estimate, effective July 1, 2006, was 34,924. The Demographer's estimate shows an increase of 3,066 people in the City between 2000 and 2006 while the Census Bureau's estimate shows a gain of 2,497 people.

For the Urban Area that includes Mankato, North Mankato and Eagle Lake, the 2006 population estimate was 50,380, up more than 4,300 people from the 2000 Census.

The estimates for the Market Area both showed an increase in population from 2000 to 2006. The Demographer's 2006 estimate was 118,807, or a gain of 7,669 people. The Census Bureau's 2007 estimate was 119,516, or an increase 8,378 people.

Population Projections

The following table presents population projections using three different sources. Two of the projections have been generated by Community Partners Research, Inc., using past trends in population change. One calculation is based on shorter-term trends, between 2000 and 2006, while the second is calculated from longer-term patterns, between 1990 and 2006. The third source is from the State Demographer. Projections are provided to the year 2015.

Table 2 Population Projections Through 2015				
	2006 Population Estimate	2015 Projection from six-year growth trends	2015 Projection from 16-year growth trends	2015 State Demographer
Mankato	35,493	40,527	38,047	38,296
Urban Area	50,380	57,553	54,980	54,435
Market Area	118,807	131,104	127,337	128,880

Source: Community Partners Research, Inc.; State Demographer

The projections provided above present a range of possible population change. The projections calculated from 6-year trends result in the highest population levels in 2015, reflecting the rapid growth in the Mankato area since 2000. The longer-term trends suggest a more moderate rate of future growth.

The high end projection for Mankato, as calculated by Community Partners Research, expects the City to gain 5,034 people between 2006 and 2015, or an average of 559 people per year. Between 2000 and 2006, the City gained 511 people per year.

The State Demographer's projection for Mankato is more consistent with the longer-term trends, with an expected gain of 2,803 people by the year 2015. While this projection may be realistic, the annual rate of numeric growth between 2006 and 2015 would be much lower than that level that the City has been experiencing since the year 2000.

The shorter-term projection for the Market Area, as calculated by Community Partners Research, expects the Market Area to gain 12,297 people between 2006 and 2015, or an average of 1,366 people per year. Between 2000 and 2006, the Market Area gained an average of 1,278 people per year.

The Demographer's projection for the Market Area is again more moderate, and expects the Market Area to average 1,112 people per year.

Projected Population by Age

The Minnesota State Demographer's Office has issued population by age projections at the County level. These projections are available for the year 2010, which is the estimated year the subject property will be placed in service, and also for the year 2015. The Demographer's age-based projections are available at the County level. The Market Area for this Study includes all of Blue Earth, Nicollet and Le Sueur Counties.

Table 3 Market Area Projected Persons by Age - 2005 - 2015				
Age	2005	2010	2015	Change - 2005-2015
0 - 19	30,431	30,280	31,770	+1,339
20-24	14,265	14,850	14,070	-195
25-34	16,917	19,410	20,900	+3,983
35-44	15,157	13,870	14,500	-657
45-54	15,822	16,730	15,660	-162
55-64	10,712	13,130	14,880	+4,168
65-74	6,656	7,500	9,530	+2,874
75-84	5,008	4,820	4,950	-58
85+	2,615	2,550	2,610	-5
Total	117,583	123,140	128,870	11,287

Source: U.S. Census; Minnesota State Demographer; Community Partners Research, Inc.

The State Demographer's age-based projections for the Market Area show significant population growth between 2005 and 2015. Overall, the Demographer expects the three-County area to add more than 11,000 people.

Most of the net population change is projected to occur within four defined age groups. The largest net increase is projected in the age group between 55 and 64 years old. During the time period analyzed, this age group would represent much of the large "baby boom" generation moving through the aging cycle.

The second largest population growth is projected to occur among young adults, in the 25 to 34 year old age range. However, this is the only adult age range under age 55 that is projected to increase in size. The number of children is also expected to grow within the Market Area, possibly a reflection of the growth in the 25 to 34 year old age group.

The number of younger senior citizens is also projected to grow, again reflecting the leading edge of the baby boomer generation. While substantial growth is projected from seniors age 65 to 74 years old, the number of older seniors, age 75 and above is expected to remain relatively unchanged.

Household Trends Analysis

Table 4 Household Trends - 1980-2006						
	1980 Households	1990 Households	% Change 1980-1990	2000 Households	% Change 1990-2000	2006 Estimate
Mankato	9,966	11,217	12.6%	12,367	10.3%	14,361
Urban Area	13,712	15,619	13.9%	17,762	13.7%	20,548
Market Area	34,624	37,223	7.5%	41,334	11.0%	46,101

Source: U.S. Census Bureau; Minnesota State Demographer; Community Partners Research, Inc.

The most recent official household estimate for the City of Mankato is from the Minnesota State Demographer's Office and is for April 1, 2006. This estimate placed the City's household count at 14,361, an increase of nearly 2,000 households since the 2000 Census.

The Demographer's estimate for the three-City Urban Area was 20,548, an increase of 2,786 households since 2000. The Demographer's household estimate for the Market Area was 46,101, an increase of 4,767 households. The three-City Urban Area represented more than 58% of the Market Area's net household growth.

The U.S. Census Bureau only issues population estimates, so no household information is available from this source.

Household Projections

The following table presents household projections using three different calculation sources. As with population projections, Community Partners Research, Inc., has generated projections to the year 2015, using both short-term and longer-term patterns to project future changes. The State Demographer's Office has issued household projections for the year 2015 at the County level only. The projection for the City and Urban Area have been extrapolated by Community Partners Research using the city-level population projections from the State Demographer's Office. In making these calculations, we have assumed that there will be only minor changes in average household size and in the size of group quarters populations.

Table 5 Household Projections Through 2015				
	2006 Household Estimate	2015 Projection from six-year trends	2015 Projection from 16-year trends	2015 Projection from Demographer Data
Mankato	14,361	17,834	16,625	16,416
Urban Area	20,548	25,382	24,196	23,069
Market Area	46,101	54,076	52,286	49,290

Source: State Demographer; Community Partners Research, Inc.

The Community Partners Research projections, based on past trends, result in a possible range for household growth in Mankato. The short-term trends calculation shows the expected addition of 3,473 households over the next nine years, or approximately 386 per year. The projection based on longer-term trends results in an expected gain of 2,264 households over the next nine years, or 252 households in an average year. Between 2000 and 2006, the last full year of data, the City of Mankato has averaged an increase of 332 new households per year. Actual growth to the year 2015 will probably fall somewhere within this projected range of 252 to 386 households per year.

Although the State Demographer has not issued a household projection for the City of Mankato, we have converted their population projection into a household count, using assumptions on future household size and group quarters' populations. This calculation shows the projected gain of 2,055 households over the next nine years, or 228 in an average year. This is the most pessimistic of the available projections, and anticipates a significant slowdown in the City's rate of growth.

The same basic patterns are also evident in the projections for the Urban Area of Mankato, North Mankato and Eagle Lake, as well as for the entire three-County Market Area. The Community Partners Research projection based on shorter-term trends for household growth in the Market Area shows the expected addition of 7,975 households over the next nine years, or approximately 886 per year. The Market Area projection based on longer-term trends expects the addition of 6,185 new households over the next nine years, or 687 households in an average year.

The State Demographer has released household projections at the County level. The Demographer's 2015 projection for the Market Area, which consists of Blue Earth, Le Sueur and Nicollet Counties, was 49,290 households. This is an expected increase of 354 households per year, which is not consistent with recent trends. Between 2000 and 2006, the Market Area added approximately 795 households in an average year.

With a fairly wide variation in the available projections, this Study has elected to use a forecast that is at the midpoint of the short-term and long-term growth rate projections as calculated by Community Partners Research. For the Urban Area of Mankato, North Mankato and Eagle Lake, the midpoint projection would be 24,789, or an increase of 4,241 households between 2006 and 2015.

For the three-County Market Area, the midpoint projection would be 53,181, or an increase of 7,080 new households between 2006 and 2015. Reduced to an annual average, the entire Market Area would be expected to add 787 new households per year. Between 2000 and 2006, the entire Market Area averaged 795 new households per year.

Projected Households by Age

The Minnesota State Demographer's Office has issued household by age projections for each of Minnesota's Counties. These projections were released in August 2007. This information is based on 2005 estimates, and is provided in five-year increments for the years 2010 and 2015. The Market Area for this Study includes the Counties of Blue Earth, Le Sueur and Nicollet.

Table 6 Market Area Projected Households by Age - 2005 - 2015				
Age	2005	2010	2015	Change - 2005-2015
15-24	4,492	4,270	3,990	-502
25-44	17,075	17,420	18,340	+1,265
45-64	14,869	16,670	16,960	+2,091
65+	8,666	8,820	9,990	+1,324
Total	45,102	47,180	49,280	4,178

Source: Minnesota State Demographer; Community Partners Research, Inc.

The age-based projections from the Demographer's Office show significant growth in the number of households in the Market Area, although the rate of growth is slower than in the recent past.

The only age group expected to show net household loss is in the age ranges between 15 and 24 years old. All of the other defined age groups are projected to increase. The largest net household growth is projected in the 45 to 64 year old age range, where much of the baby boom generation would be by the year 2015.

We have also obtained household by age information from Claritas, Inc., for the Market Area. The following table identifies the Market Area's households by age of householder from the 2000 Census, and from Claritas' 2008 estimate and 2013 projection. The table also shows the projected change in households between 2008 and 2013 by age group from the projections. Overall, Claritas projects household growth for the area, but at a lower rate than the State Demographer.

Table 7 Market Area Projected Households by Age - 2000 - 2013				
Age	2000	2008	2013	Change - 2008-2013
15-24	4,337	4,123	3,735	-388
25-34	6,784	8,594	9,433	839
35-44	8,692	7,788	7,776	-12
45-54	8,028	8,933	8,778	-155
55-64	4,910	6,899	8,240	1,341
65-74	4,030	4,316	5,126	810
75-84	3,327	3,292	3,242	-50
85+	1,226	1,543	1,665	122
Total	41,334	45,488	47,995	2,507

Source: U.S. Census; Minnesota State Demographer; Community Partners Research, Inc.

These age-based projections show steady growth in the total household count in the Market Area through the year 2013. These projections reflect both the movement of existing residents through the aging cycle, and also the probable age distribution of households that move into or out of the area. Regionally and statewide, many of these same age progression patterns exist, so the movement of households between counties would tend to reflect these same patterns.

The strongest net household growth is projected in the age ranges between 55 and 74 years old. Some significant household growth is also projected among younger households, age 25 to 34. Net household losses are projected among adults under age 24.

Tenure by Age of Householder - 2000

The following table identifies home ownership or renter status by age of householder in the year 2000. Information is provided for the Market Area.

Table 8 Household Tenure by Age - 2000		
Age of Householder	Market Area	
	Owners	Renters
15 - 24	780 / 18.0%	3,557 / 82.0%
25 - 34	4,138 / 61.0%	2,646 / 39.0%
35 - 44	7,035 / 80.9%	1,657 / 19.1%
45 - 54	6,971 / 86.8%	1,057 / 13.2%
55 - 64	4,372 / 89.0%	538 / 11.0%
65 - 74	3,460 / 85.9%	570 / 14.1%
75-84	2,564 / 77.1%	763 / 22.9%
85+	751 / 61.2%	475 / 38.7%

Source: U.S. Census; Community Partners Research, Inc.

Overall, the Market Area tenure distribution in 2000 was approximately 73% home owners and 27% renters.

Household tenure by age patterns in the Market Area show a preference for home ownership in most of the defined age ranges. Only one age group, households age 24 and younger, rented their housing at a rate above 50%. Home ownership rates were 77.1% or higher among each of the age ranges 35 to 84 years old. Overall, the large majority of renter households in the Market Area were younger households. This is due in part to the influence of student renters at Mankato State University - Mankato, but also reflects the area's importance as a regional center. The Mankato area has continued to grow and add households in the last few decades, including a number of younger renter households. In 2000, nearly 83% of all renter households in the Market Area were age 64 or younger.

Tenure by Household Size

The following table provides 2000 Census information on tenure by household size for the Market Area.

Table 9 Tenure by Household Size - 2000		
Household Size	Market Area	
	Owners	Renters
1 - person	5,814 / 55.1%	4,742 / 44.9%
2 - person	11,083 / 76.7%	3,360 / 23.3%
3 - person	4,956 / 77.1%	1,468 / 22.9%
4 - person	4,952 / 83.3%	995 / 16.7%
5 - person	2,237 / 82.1%	489 / 17.9%
6 - person	752 / 86.4%	118 / 13.6%
7-or-more- person	277 / 75.3%	91 / 24.7%
Total	30,071 / 72.8%	11,263 / 27.2%

Source: U.S. Census; Community Partners Research, Inc.

At the time of the 2000 Census, all of the defined household sizes had a preference for home ownership. Six-person households owned their housing at a rate of 86.4%, which was the highest among any of the household sizes. One-person households rented at a rate of 44.9%, which was the highest among any of the household sizes. This would often reflect senior renters.

Although most renter households in the Market Area had only one or two household members, approximately 32% of all renter households in the Market Area had three or more household members, and at a minimum, would require a two-bedroom, or larger, rental unit.

Table 10 Tenure by Average Number of Persons Per Household - 2000		
	Owner	Renter
Mankato	2.51	2.09
Blue Earth County	2.64	2.11

Source: U.S. Census

Income Data by Tenure - 2000

The following table provides household income by tenure for the Market Area. The information was obtained from the 2000 Census.

Table 11 Market Area Household Income by Tenure - 2000			
Household Income	Owner	Renter	Total
\$0 - \$14,999	2,336 / 42.1%	3,217 / 57.9%	5,553
\$15,000 - \$24,999	2,884 / 51.8%	2,688 / 48.2%	5,572
\$25,000 - \$34,999	3,571 / 63.1%	2,087 / 36.9%	5,658
\$35,000 - \$49,999	5,964 / 77.2%	1,765 / 22.8%	7,729
\$50,000 - \$74,999	8,449 / 88.2%	1,135 / 11.8%	9,584
\$75,000 - \$99,999	3,837 / 93.3%	276 / 6.7%	4,113
\$100,000 - \$149,999	1,993 / 96.2%	78 / 3.8%	2,071
\$150,000+	987 / 93.6%	67 / 6.4%	1,054
Total	30,021 / 72.6%	11,313 / 27.4%	41,334

Source: U.S. Census; Community Partners Research, Inc.

Most of the income groups showed a preference for home ownership. Only one income group, households under \$15,000, rented their housing at a rate above 50%. The \$100,000 to \$149,999 income group owned their housing at a rate of 96.2%, which was the highest among all the income levels. The rate of renter-occupancy did increase substantially in the lower income ranges.

Income Data by Tenure for Households - 2008

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2008. Tenure rates by income from the 2000 Census were then applied to achieve this table. These estimates are for the Market Area and represent all households, including those headed by senior citizens. Orness Plaza provides an occupancy preference for senior and disabled tenants, and they form a primary target market for the rehabilitated project.

Although Claritas, Inc., represents the best available source for 2008 income data for households in individual jurisdictions, Claritas takes a rather conservative view of population and household trends in the Cities and Counties in Greater Minnesota. As a result, their current-year estimates, and projections derived from those estimates, tend to be lower than from other available sources, such as the Minnesota State Demographer's Office. We have therefore made some percentage adjustments to the Claritas income data to better reflect the current and future household status for the Market Area. We believe that there were approximately 47,600 total households in the Market Area in 2008, compared to the total of 45,488 as estimated by Claritas, requiring an upward adjustment of 4.6% to the Claritas household count.

Since the subject property for this Study will be utilizing low income housing tax credits for the income-based units, the following table provides a detailed breakdown for the income ranges below \$40,000. In 2008, the maximum allowable income for a family of four is \$37,380 in Blue

Earth County. Since Orness Plaza has three two-bedroom units, it may be possible for a household with as many as four members to occupy one of these units. However, since most of the apartments in Orness Plaza are suitable for only one or two-person households, the effective income cap for most prospective tenants will be \$29,880, the 2008 limit for two-person households. Any household that would potentially be income-eligible to occupy a tax credit unit in the subject property would be included in the detailed income ranges provided below.

In 2000, there were approximately 11,300 total renter households residing within the Market Area. This included 9,455 total renter households in the Market Area with a head of household age 64 or younger, and 1,808 renter households with a head of household age 65 or older. With significant household growth in the region since 2000, and with significant growth in the number of renter households, especially in Mankato and North Mankato, we would estimate that there are approximately 12,600 total renter households in the Market Area in 2008, including 10,500 under age 65, and 2,100 age 65 or older.

Table 12 Market Area Household Income by Tenure - 2008					
Household Income	Under Age 65		Age 65 or Older		Total
	Owner	Renter	Owner	Renter	
\$0 - \$9,999	187	1,540	684	450	2,861
\$10,000 - \$14,999	212	1,000	513	280	2,005
\$15,000 - \$19,999	319	1,210	610	280	2,419
\$20,000 - \$24,999	592	1,099	568	275	2,534
\$25,000 - \$29,999	1,096	1,052	412	284	2,844
\$30,000 - \$34,999	1,141	810	428	195	2,574
\$35,000 - \$39,999	1,437	795	401	140	2,773
\$40,000+	22,541	2,994	3,859	196	29,590
Total	27,525	10,500	7,475	2,100	47,600

Source: Claritas, Inc.; Community Partners Research, Inc.

The large majority of households own their housing. However, the rates of home ownership are very high in the income ranges above \$50,000. As household income grows smaller, the rate of renter-occupancy increases significantly.

Income Data by Tenure for Households Under Age 65 - 2010

The following table identifies a 2010 projection of the household income by tenure for the Market Area. The data was obtained by extrapolating projections provided by Claritas, Inc., a private data reporting service, and applying tenure rates from the 2000 Census and the 2008 estimate. The income range analysis completed for 2010 ends at an annual income of \$39,999. By the year 2010, with annual adjustments in the tax credit eligibility limits, a four-person

household would still need an income below \$40,000 to qualify for tax credit housing. Since most of the prospective tenants for Orness Plaza will be one or two-person households, the eligibility income will be even lower.

Table 13 Market Area Household Income by Tenure - 2010					
Household Income	Under Age 65		Age 65 or Older		Total
	Owner	Renter	Owner	Renter	
\$0 - \$9,999	189	1,557	692	455	2,893
\$10,000 - \$14,999	214	1,011	519	283	2,027
\$15,000 - \$19,999	323	1,223	617	283	2,446
\$20,000 - \$24,999	598	1,112	574	278	2,562
\$25,000 - \$29,999	1,097	1,075	417	287	2,876
\$30,000 - \$34,999	897	818	433	197	2,345
\$35,000 - \$39,999	1,454	803	405	142	2,804
\$40,000 - \$44,999	23,945	3,144	3,925	208	31,222
Total	28,717	10,743	7,582	2,133	49,175

Source: Claritas, Inc.; Community Partners Research, Inc.

Projecting income forward two years, to the expected year the subject property would be placed in service, yield very minor changes in the number of Market Area households that would be income eligible to live in tax credit housing. Due to relatively strong annual household growth, the number of renter households in the targeted income ranges should increase somewhat over this time.

Although Claritas does project continued improvement in household incomes for the area, the annual rate of increase in the median income level is less than 2.2%. In the two-year projection period, most households would only expect to see income growth of between 4% and 5%.

Using the assumption that the tax credit income limits for household eligibility will increase each year, the number of income-eligible households will increase slightly by 2010 due to expanded income limits.

Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of private and public business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Mankato, along with North Mankato, is the major employment center for south central Minnesota. Because of the size of the area, Mankato and North Mankato are classified as a Micropolitan Statistical Area (MiSA). The MiSA jurisdiction includes all of Blue Earth County and all of Nicollet County. Some of the employment information provided below is for the MiSA and other information, as specified, is for all of Blue Earth County.

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector in 2007, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. Some groups, including self-employment, are not represented. This information is for all of Blue Earth County.

Table 14 Blue Earth County Average Annual Wages by Industry Detail - 2007		
Industry	2007 Employment	2007 Average Annual Wage
Total All Industry	37,079	\$32,448
Natural Resources, Mining	483	\$32,188
Construction	2,132	\$43,576
Manufacturing	3,825	\$40,508
Trade, Transportation, Utilities	8,495	\$25,012
Information	1,089	\$48,360
Financial Activities	1,503	\$37,960
Professional and Business Services	2,650	\$38,116
Education and Health Services	10,260	\$38,064
Leisure and Hospitality	3,818	\$9,256
Other Services	1,379	\$19,760
Public Administration	1,110	\$43,056

Source: MN Department of Employment and Economic Development

The average weekly wage for all industry in 2007 was \$32,448. The highest paying wage sectors were Information and Construction, with average annual wages of \$48,360 and \$43,576, respectively. The County's largest single employment sector, Education and Health Services, had an average annual wage of \$38,064.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$9,256.

Major Mankato Employers

Most of the job opportunities in the area are located in Mankato and North Mankato. Major employers in Mankato and North Mankato with 200 or more employees include:

▶ Immanuel-St. Joseph's	1,828 employees
▶ Minnesota State University of Mankato	1,577 employees
▶ Mankato Rehabilitation Center, Inc.	1,554 employees
▶ Mankato Area Public Schools	1,160 employees
▶ Carlson Craft Social - North Mankato	1,093 employees
▶ Mankato Clinic	725 employees
▶ Carlson Craft Commercial - North Mankato	653 employees
▶ The Thro Company	650 employees
▶ Kato Engineering/Reliance Electric - North Mankato	476 employees
▶ Alltel Wireless	422 employees
▶ Hickory Tech	410 employees
▶ Blue Earth County	390 employees
▶ Precision Press - North Mankato	353 employees
▶ Taylor Corp. - North Mankato	335 employees
▶ Mico Inc. - North Mankato	310 employees
▶ Southern Minnesota Construction Company	275 employees
▶ City of Mankato	267 employees
▶ EI Microcircuits	250 employees
▶ Katolight Corporation	249 employees
▶ Carlson Craft Catalog Division - North Mankato	235 employees
▶ Schwickert Company	225 employees
▶ South Central College Mankato - North Mankato	212 employees
▶ Coughlan Companies	210 employees
▶ Cenex/Harvest States	202 employees
▶ Masterpiece Studios - North Mankato	200 employees

Source: Community Profiles, MN Department of Employment and Economic Development

Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development provides employment information for the Mankato-North Mankato Micropolitan Statistical Area (MiSA), which covers both Blue Earth and Nicollet Counties.

Table 15 Mankato-North Mankato MiSA Labor Force and Employment: 1998 - 2007						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
1998	52,501	51,438	1,063	2.0%	2.7%	4.5%
1999	52,402	51,265	1,137	2.2%	2.8%	4.2%
2000	51,981	50,555	1,426	2.7%	3.1%	4.0%
2001	53,299	51,674	1,625	3.0%	3.8%	4.7%
2002	54,334	52,382	1,952	3.6%	4.5%	5.8%
2003	54,581	52,468	2,113	3.9%	4.9%	6.0%
2004	54,404	52,372	2,032	3.7%	4.6%	5.6%
2005	55,003	53,183	1,820	3.3%	4.2%	5.1%
2006	55,745	53,934	1,811	3.2%	4.0%	4.6%
2007	56,016	53,947	2,069	3.7%	4.6%	4.6%

Source: MN Department of Employment and Economic Development

The MiSA has seen relatively steady growth in the size of the available labor force in recent years. In the ten-year time period reviewed between 1998 and 2007, the labor force increased by 3,515 people, or 6.7%. The employed work force has shown similar patterns. When comparing 2007 to 1998, the number of employed workers has grown by 2,509, or 4.9%.

Throughout the time period reviewed, the unemployment rate in the MiSA has stayed very low, and has been below the Statewide rate for each of the ten years reviewed. With the exception of 2007, the Statewide unemployment rate has consistently remained well below the national average.

Projected Employment

There are two available sources of information on employment projections for the Mankato/Blue Earth County Area.

The State Demographer's Office has issued projections for the size of the available labor force at the County level. Overall, the Demographer's Office projects a steady increase in the size of the County's labor force. Between 2005 and 2010, this projection expects the labor force to increase by 1,900 people, or 5.3%. Between 2010 and 2015 the Demographer projects that the County's

labor force will increase by 950 people, or 2.5%. These would be consistent with the Demographer's other projections for the County, which predict ongoing population growth for the County over the next few years.

The second available data source is the MN Department of Employment and Economic Development. Their projections are for the region, which includes all of southwestern Minnesota. For their 10-year projection period, between 2004 and 2014, they believe that total employment growth in southwestern Minnesota will be at a rate of 7.4%, or more than 15,500 additional jobs.

Workforce Housing

Discussion of existing housing is contained in the Existing Rental Housing section of this Study.

Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2000 Census, and has been examined for both the City of Mankato and the City of North Mankato, as well as for all of Blue Earth County. This table only examines people that commuted, and excludes people that work at home.

It should be noted that Orness Plaza provides an occupancy preference for both senior households and disabled households. Senior households, in particular, are probably not represented in the work force, and do not commute.

Table 16 Commuting Times for Area Workers - 2000						
Travel Time	City of Mankato		City of North Mankato		Blue Earth County	
	Number	Percent	Number	Percent	Number	Percent
Less than 20 minutes	15,031	84.4%	5,556	83.6%	21,513	72.9%
20 to 34 minutes	1,584	8.9%	611	9.2%	5,695	19.3%
More than 35 minutes	1,189	6.7%	477	7.2%	2,308	7.8%
Total	17,804	100%	6,644	100%	29,516	100%

Source: U.S. Census STF-3

The large majority of Mankato and North Mankato residents were commuting less than 20 minutes to work at the time of the 2000 Census. Presumably, most residents were working in Mankato or in North Mankato, where most of the County's employment opportunities exist. Approximately 84% of residents in these two Cities commuted less than 20 minutes.

For all of Blue Earth County, most of the people also reported driving less than 20 minutes to work. While some of these residents may have commuted outside of the County borders, it is probable that a majority came to Mankato or North Mankato for employment.

Existing Rental Housing Stock

Building Permit Trends

The City of Mankato has had a substantial amount of housing construction activity in recent years, primarily intended for owner-occupancy. The following table identifies the units that have been issued a building permit between 2003 and 2007, the last full year of data.

Table 17 Housing Unit Construction Activity - 2003 to 2007						
Housing Type	2003	2004	2005	2006	2007	Total
Single Family	512	317	317	258	180	1,584
Two Family	14	2	4	6	2	28
Three and Four Family	0	0	13	0	11	24
Five or More Family	204	0	60	125	0	389
Total	730	319	393	389	193	2,024

Source: U.S. Census Bureau; City Records; Community Partners Research, Inc.

Over the last five years, Mankato has issued building permits for 2,024 new housing units, for an average of 405 units per year. Over 78% of these units have been for single family home construction. Although tenure information is not available for the attached housing units, presumably many of the two, three and four unit structures represent twin homes and town house units intended for owner-occupancy.

While owner-occupancy housing has represented a large share of recent construction, multifamily rental housing has also been built in the City. Between 2003 and 2007, multifamily permits with five or more units represented 389 total housing units, or an average of 78 units per year. Although not displayed in the chart above, there were an additional 282 multifamily units permitted in the City in 2002.

Mankato, North Mankato and Eagle Lake form an urbanized area. The following table displays aggregated permit issuance information for the three Cities.

Table 18 Urbanized Area Housing Unit Construction Activity - 2003 to 2007						
Housing Type	2003	2004	2005	2006	2007	Total
Single Family	610	413	428	334	288	2,073
Two Family	20	6	10	10	4	50
Three and Four Family	8	8	13	0	11	40
Five or More Family	210	6	60	130	0	406
Total	848	433	511	474	303	2,569

Source: U.S. Census Bureau; City Records; Community Partners Research, Inc.

Combined, the three Cities have issued building permits for 2,569 total housing units between 2003 and 2007, or an annual average of 514 units. Over 400 of these units were issued for multifamily structures with five or more units. Once again there were also a substantial number of multifamily permits issued between 2000 and 2002, which are not included in the five-year summary above.

Rental Market Information

Total Unit Inventory - Mankato - 2000

According to the 2000 U.S. Census, there were 5,824 occupied rental housing units and at least 156 vacant rental units in Mankato in April 2000, for a total estimated rental inventory of 5,980 units.

Total Unit Inventory - Mankato, North Mankato and Eagle Lake - 2000

The Cities of Mankato and North Mankato share a common border, and effectively represent a single community from the perspective of renter households looking for a unit. The City of Eagle Lake, located approximately four miles from Mankato, is a bedroom community that also offers attractive rental options for area residents. At the time of the 2000 Census, these three Cities combined had 7,198 occupied rental units, and at least 282 vacant rental units, for an approximate inventory of 7,480 rental housing units.

Total Unit Inventory Estimate - 2008

Since the 2000 Census was completed, there have been some changes to the available inventory, as a number of rental projects have been constructed. The volume of multifamily housing construction activity within the three Cities between 2000 and 2007 exceeds 1,000 total units. While some of these multifamily units may have been constructed for uses other than rental housing, it appears that most of these units are intended for renter-occupancy.

The large majority of the units constructed since 2000 are in the City of Mankato. According to staff in the City's Inspections Department, there is no annual summary of rental unit creation, and each of the individual permits would need to be reviewed to determine the type of housing unit that was actually created.

Although the City of Mankato does have a rental registration program, some types of rental housing are not required to register, so the program total is not inclusive of all rental units in the City. In 2008, the City had 7,097 total units that were identified in their program. Based on this count, more than 1,100 rental units have been added since 2000. This level of growth would exceed the total that is implied from building permit issuance.

For the purposes of this Study, a working estimate has been used that approximately 1,300 rental housing units have been added to the inventory in the Mankato, North Mankato and Eagle Lake area since 2000, and that the total available rental inventory now approaches 8,800 total units in 2008. For the entire Market Area, the estimated inventory is 12,600 rental units.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of some multifamily rental projects in Mankato, North Mankato and Eagle Lake. Since the subject property for this Study is income-based, an attempt was made to survey all of the identified rental projects in the three Cities that are also income-based. In addition, a sampling of market rate rental properties was also completed, to collect information on the broader rental market in the area. No information was collected on specialized housing, such as senior housing with services, or housing specifically designed for people with severe disabilities, since these types of units are not comparable to the subject property being analyzed.

The telephone survey was conducted in May and June 2008. Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, tax credit units, and subsidized housing.

A total of 2,107 rental units were contacted in the survey. No attempt was made to contact senior housing with services or board and lodging projects, since these only serve a very specific segment of the market. Excluding the specialized housing from the larger inventory, the 2008 rental survey collected information from more than 25% of the general use rental housing stock within the three-City aggregation.

The breakdown of rental units by type that were contacted by the survey is as follows:

- ▶ 958 market rate units in 24 developments
- ▶ 537 tax credit units in 10 projects
- ▶ 612 subsidized units in 8 projects

The findings of the survey are provided below.

Market Rate Summary

Usable information was obtained on 958 market rate rental units in 24 rental projects. This included the market rate units in some projects that are designed for mixed-incomes, with a blend of both income-based and market rate housing.

Unit Mix

In some of the mixed-income properties the market rate units and the income-based units may change, depending on tenants in occupancy. As a result, in the unit mix totals below, there are fewer units represented.

- ▶ 8 efficiency/studio units (0.9% of all units)
- ▶ 267 one bedroom (28.9%)
- ▶ 594 two bedroom (64.2%)
- ▶ 56 three bedroom (6.1%)